

***Year-End
Performance
Review Process***

Used to
determine
Performance
Award

- **Chief Investment Officer**
- **Chief Actuary**

The Chief Investment Officer and the Chief Actuary submit their year-end status reports to the Chief Executive Officer for review. The Chief Executive Officer submits performance award recommendations for these positions to the President of the Board of Administration and Chair and Vice-Chair of the Investment Committee for the CIO and the Benefits and Program Administration Committee for the Chief Actuary, for review and comment. The CEO then forwards the performance award recommendations and any comments to the Performance and Compensation Committee for further review, comments and recommendations to the Board.

- **General Counsel**

A similar review process shall also apply to the General Counsel. In this instance, the CEO's performance award recommendation shall be reviewed by the Board President, Vice President and one additional Board member selected each year by the President. The final award is then determined by the Chief Executive Officer, as part of the separate Career Executive Assignment (CEA) pay program.

- **Chief Executive Officer**

The CEO submits his year-end status report directly to the President of the Board of Administration, for review and comment by the President, the Vice President, and one additional Board member selected each year by the President. The report, with any comments is then forwarded to the Performance and Compensation Committee for any additional comments and an award recommendation.

Performance Appraisal and Base Salary Increase Procedures

Performance Appraisal

The performance appraisal is separate from the year-end review of achievement of performance plan measures. The performance appraisal covers ongoing elements of executive performance, such as responsiveness to the Board, Committee and/or CEO priorities; Board relations; leadership; professionalism of work products; and effective use of resources, including staff, contractors and technology.

Year-End Performance Appraisal Report and Base Salary Increase Process

- **Chief Investment Officer**
- **Chief Actuary**

The Chief Executive Officer shall complete the performance appraisal reports for the CIO and Chief Actuary. Following review by the rated executives, the Chief Executive Officer submits the performance appraisal reports for these positions to the President of the Board of Administration and Chair and Vice-Chair of the Investment Committee for the CIO and the Benefits and Program Administration Committee for the Chief Actuary, for review and comment. The CEO then forwards the performance appraisal reports and any comments to the Performance and Compensation Committee for further review, comments and recommendation to the Board.

- **Chief Executive Officer**

The CEO submits his year-end summary of accomplishments directly to the President of the Board of Administration, for review and comment by the President, the Vice President, and one additional Board member selected each year by the President. The summary of accomplishments, with any comments is then forwarded to the Performance and Compensation Committee for completion of the performance appraisal report and a base salary adjustment recommendation.

- **Senior Investment Officers**

The Chief Investment Officer completes performance appraisal reports on the Senior Investment Officers and submits them to the CEO. The CEO reviews the appraisals prepared by the CIO and adds any comments. Following review by the rated executives, the Chief Executive Officer submits the performance appraisal reports for these positions to the Performance and Compensation Committee for further review, comments and recommendation to the Board.

- **Senior Portfolio Managers**

- **Portfolio Managers**

Performance appraisal reports for the Senior Portfolio Managers and the Portfolio Managers are prepared by the reviewing supervisors under the direction of the Chief Investment Officer and forwarded to the CEO. Based on the recommendations of the supervisors and the CIO, the CEO determines the within-range base salary adjustment for each position. The CEO reports these to the Committee prior to their being implemented.

***Merit Matrix
for Within-
Range
Base Pay
Increases***

Within-range salary increases are based in part on current placement within the base salary range. The theory behind this is that high-performing executives initially paid low in their respective ranges should receive larger increases to move their salaries more quickly toward market levels, while executives already paid closer to market medians need not receive large increases since they are already receiving salaries commensurate with market rates. Applying this concept results in a merit matrix as displayed in Appendix 3.
